

# **EXHIBIT “D”**

Financial Institution Services Division  
Attn: Eric Wullenweber  
301 East 4<sup>th</sup> Street  
South 25<sup>th</sup> Floor  
Cincinnati, Ohio 45202-3803



April 11, 2019

Rushmore Loan Management Services LLC  
Attn: Loss Draft Dept  
PO Box 2429  
Scottsbluff, NE 69363

**\*\*via e-mail only\*\***

**\*\*RLM LossDraft@swbc.com\*\***

<b>RE:</b>	<b>Claim Number:</b>	
	<b>Insured:</b>	<b>Rushmore Loan Management Services LLC</b>
	<b>Loss Location:</b>	<b>115 Melanie Way, Hyde Park, NY 12538</b>
	<b>Date of Discovery:</b>	<b>January 27, 2019</b>
	<b>Policy Number:</b>	
	<b>Amount of Insurance:</b>	<b>\$226,586.00</b>
	<b>Deductible:</b>	<b>\$2,500.00</b>
	<b>Payment:</b>	<b>See Tables</b>

Dear Loss Draft:

Great American E&S Insurance Company ("Great American") insures Rushmore Loan Management Services LLC, under Commercial Property Insurance Policy 1231058 with an effective date of December 1, 2016, until December 1, 2019. A Notice of Insurance was issued for the above referenced loss location with an effective date of May 18, 2018, until May 18, 2019. Our office received notice of the above referenced claim from you on January 30, 2019. The loss report noted: "Detached garage completely destroyed".

Tab Mak with Choice Field Services was assigned and completed an inspection of the loss location on February 8, 2019. Mr. Mak's inspection documented fire damage to the detached garage. The fire report states a car's gas tank had holes in it due to rust, and the vapors from the tank apparently reached the wood stove and ignited. Attached is the estimate and inspection photos.

There are two structures at 115 Melanie Way held as collateral on the loan. Please refer to the **POLICY CHANGES NO. 1 (IL 12 01 11 85)** which states in whole or in part, as follows:

***D. Designated Premises***

*A "designated premises" means a single location reported on the Reporting Schedule. In the event of multiple locations declared under a single Amount of Insurance, the total Amount of Insurance will be prorated between locations based upon the Actual Cash Value that each location bears to the Actual Cash Value of all locations. In the event of multiple buildings at a single "designated premises" declared under a single Amount of*

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*Insurance, each building on each may be separately declared for an Amount of Insurance. Otherwise, the total Amount of Insurance will be prorated between buildings based upon the Actual Cash Value that each building bears to the Actual Cash Value of all locations. In the event that the value or unpaid principal balance of any location exceeds the Maximum Limit of Insurance under the policy, such location will be deemed ineligible for coverage under our policy.*

Mr. Mak determined the Actual Cash Value of the main house to be \$39,367.62 and the detached garage to be \$122,390.17, for a total Actual Cash Value of \$161,757.79. Please find attached copies of the valuations. We have determined the prorated Amount of Insurance available for the detached garage is 75.66%, calculated as follows. The table below documents the AOI apportionment as well as the breakdown for the damage.

<b>Apportionment Table</b>			
<b>AOI</b>	\$226,586.00	<b>ITV Percentage</b>	<b>Apportioned AOI</b>
<b>ITV Garage</b>	\$122,390.17	75.66%	\$171,440.89
<b>ITV Dwelling</b>	\$39,367.62	24.34%	\$55,145.11
<b>ITV Totals</b>	\$161,757.79	100.00%	\$226,586.00

Mr. Mak completed a Replacement Cost estimate of \$187,062.02 for the damage to the garage, which exceeds the apportioned Amount of Insurance for the structure. The Actual Cash Value of the damage is \$154,377.02.

Please refer to the ***BUILDING AND PERSONAL PROPERTY COVERAGE FORM (CP 00 10 10 12)*** portion of your policy, which states, in whole or in part, as follows:

***D. Deductible***

*In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss, and will pay the resulting amount or the Limit of Insurance, whichever is less.*

***E. Loss Conditions***

***4. Loss Payment***

***a.*** *In the event of loss or damage covered by this Coverage Form, at our option, we will either:*

- (1)*** *Pay the value of lost or damaged property;*
- (2)*** *Pay the cost of repairing or replacing the lost or damaged property, subject to b. below;*
- (3)*** *Take all or any part of the property at an agreed or appraised value; or*

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- (4) *Repair, rebuild or replace the property with other property of like kind and quality, subject to b. below.*

*We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.*

...

- c. *We will give notice of our intentions within 30 days after we receive the sworn proof of loss.*
- d. *We will not pay you more than your financial interest in the Covered Property.*
- e. *We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.*
- f. *We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.*
- g. *We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:*
- (1) *We have reached agreement with you on the amount of loss; or*
- (2) *An appraisal award has been made.*

### **G. Optional Coverages**

*If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.*

#### **3. Replacement Cost**

- a. *Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.*
- b. *This Optional Coverage does not apply to:*
- (1) *Personal property of others;*
- (2) *Contents of a residence;*
- (3) *Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or*
- (4) *"Stock," unless the Including "Stock" option is shown in the Declarations.*



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*Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.*

- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.*
- d. We will not pay on a replacement cost basis for any loss or damage:*
  - (1) Until the lost or damaged property is actually repaired or replaced; and*
  - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage*

Please also refer to the **DECLARATIONS PAGE (CP DS 00 10 00)** portion of your policy, which states, in whole or in part, as follows:

**DEDUCTIBLE:** *(any One Occurrence each Described Premises unless indicated otherwise)*

*Building and Personal Property - all covered perils except below: \$ 2,500*

Per the above referenced policy conditions, we are issuing a payment in the amount of \$151,877.01, which is represented by the Actual Cash Value of the damage - \$154,377.02 - less your \$2,500.00 deductible.

As noted above, the Policy allows Rushmore to request the difference between the Replacement Cost Value and the Actual Cash Value of the damage if and when the repair or replacement of the damaged property is actually completed. If Rushmore wants to make a claim on a Replacement Cost basis, the Policy requires you to notify us of your intent to do so within 180 days after the loss or damage. Upon receipt of photographs of the completed repairs and copies of receipts or invoices for materials and labor, we will issue a supplemental payment for the damage in an amount not to exceed \$17,063.87, which represents the apportioned Amount of Insurance difference. However, this supplemental payment will not be made if the actual Replacement Cost for the repairs to damage does not exceed \$154,377.02.

Finally, please refer to the **CAUSES OF LOSS - SPECIAL FORM (CP 10 30 10 12)** portion of your policy, which states, in whole or in part, as follows:

**B. Exclusions**

- 2. We will not pay for loss or damage caused by or resulting from any of the following:*
  - m. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.*

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Failure to mitigate the damage may jeopardize payment for any future covered losses that may result from this occurrence.

By stating our coverage position, Great American in no way intends to waive or be estopped in regard to any other basis which may or may not be presently apparent. If you obtain any information, whether or not requested herein, which may be pertinent to our investigation, we ask that you forward it to us immediately for our review and consideration.

Please contact me with any questions. I can be reached at 877-429-3826, extension 17024 or via e-mail at [ewullenweber@gaig.com](mailto:ewullenweber@gaig.com).

Sincerely,

A handwritten signature in black ink, appearing to read "Eric Wullenweber", written in a cursive style.

Eric Wullenweber  
Claim Specialist

cc: Agent (19143120)